



## New Township Trustee Training

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**December 17, 2014**



# Topics of Discussion

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- Introduction
- Budget Terminology
- Budget Process
- Budget Calendar
- Budget Review
- “1782” and Budget Order
- Year End Financial Reporting
- Gateway
- References and Contact Information



# Introduction

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- The Department has the responsibility of ensuring that Indiana's system of property taxation is fair and equitable.
  - Main office is in Indianapolis.
  - Every county is assigned a field representative to assist with budget and property tax issues.
  - Your field representative will provide limited assistance with budget preparation and submittal.
  - They are available throughout the year for your questions.



# Introduction

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- You will contact the Department with:
  - Budget issues;
  - Any property tax issues;
  - Additional appropriations or reductions;
  - Most issues involving funds;
    - Operating fund;
    - Township assistance fund; and
    - Fire operating fund.
  - Most advertising and public notice questions; and
  - General questions regarding debt and debt issuance.



# Terminology

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- ***Budget*** - A financial plan that includes both revenues and expenditures over a specific period of time.
- ***Appropriation*** - Authority from fiscal body to spend.
- ***Major Classification*** - A grouping of the type of expenditure such as supplies.
- ***Appropriation Transfer*** - Moving the appropriation (budget) from one major classification to another.



# Terminology

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- ***Property Tax*** - A tax charged on real property (land and improvements).
- ***Property Tax Rate*** - The rate of tax charged on property. Also, a ratio between the levy and the assessed value.
- ***Property Tax Levy*** - The amount of property tax charged by the government.
- ***Assessed Value*** - The taxable value of real property.



# Terminology

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- ***Property Tax Formula:***  $\text{Levy} = (\text{AV}/100) \times \text{Rate}$
- ***Miscellaneous Revenue*** - All revenues a governmental unit receives other than property tax.
- ***LOIT*** - Local Option Income Tax. LOIT may be a COIT, CAGIT, or CEDIT.
- ***COIT*** - County Option Income Tax.
- ***CAGIT*** - County Adjusted Gross Income Tax



# Terminology

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- ***CEDIT*** - County Economic Development Income Tax.
- ***Excise Tax*** - Taxes local governments receive from state. Excise are taxes paid for specific products, such as gasoline.
- ***Fund*** - A separate set of accounts to isolate specific revenues and expense for a particular purpose. Ex: operating fund; fire fund.





# Terminology

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- ***Maximum Levy*** - The maximum property tax levy allowed. The maximum levy is determined by the previous year's maximum levy plus a state-wide average growth quotient. A few other adjustments may apply. Also known as "controlled levy."
- ***Rate Controlled Fund*** - Some funds are controlled by the rate, such as a cumulative capital fund.



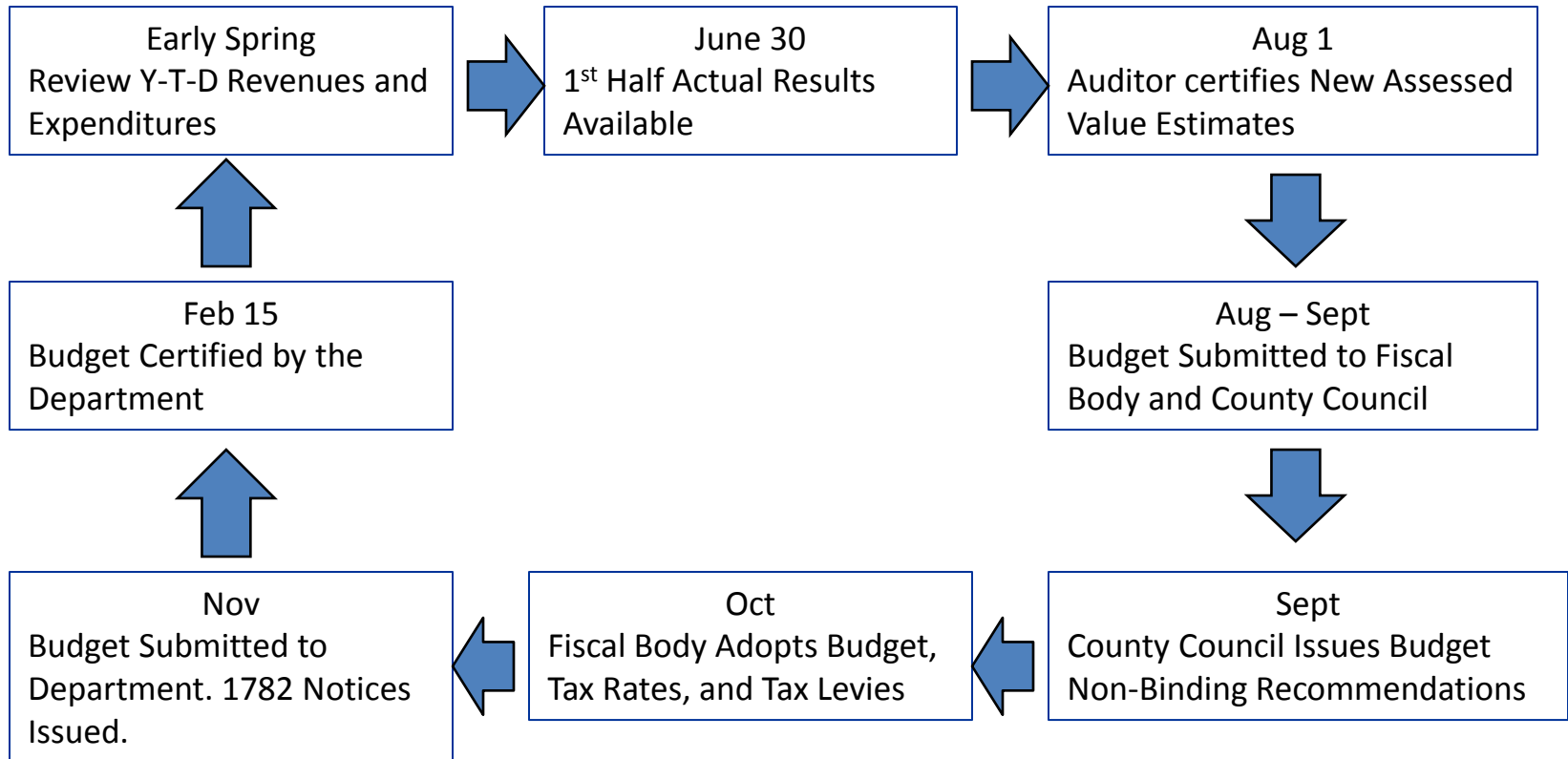
# Township Funds

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- ***Operating Fund*** - The primary fund for the township operations. Contains all expenses and revenues not required to be in another fund.
- ***Township Assistance Fund*** - Expenses and revenues associated with poor relief.
- ***Fire*** - Operating fund for fire services. Geographic area is probably different from other township funds.
- ***Fire Cumulative Fund*** - Used for equipment, fleet, and building replacement.



# Budget Process





# Preview of Upcoming Events

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- Budgets in Indiana are prepared on a calendar year basis but encompass 18 months of revenues and expenses.
- By December, all budgets have been adopted at the local level and are now under review by the Department.
- The Department will work to determine if: the unit properly issued the public notice of the public hearing for budgets and levies; they properly and timely adopted the tax rates; and that the property tax levies are within the maximum property tax levy allowed for that unit.
- When completed, the Department will issue a **Budget Order** setting the property tax rates and levies for each governmental unit within the county.



# Preview of Upcoming Events

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- Budget Calendar:
  - December 16 is last day to submit additional appropriation requests.
  - Dec – Jan 1782 Notices sent. Respond to Department within 10 days.
  - Last day to file shortfall appeals with the Department is December 31.
  - Property tax settlement by December 31.
  - February 16 - Budgets, tax rates, and tax levies to be certified by the Department.
  - Year end financial reporting required.



# Department Budget Review

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- Budget is submitted to the Department by November 5 through Gateway.
- The Department is working the budgets for each county in the order the Department received the assessed values certified by the auditor.
- Your field representative may contact you for additional information or with questions.
- Your next contact with the Department may be when you receive the 1782 Notice.



# 1782 Notice

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- The Department is required to give each civil taxing unit a ten (10) day notice of any action the Department has taken on a budget, rate, or levy.
  - This Notice is called the “1782 Notice”
  - The 1782 Notice is an opportunity for each unit to review the Department’s actions and request changes, corrections, or adjustments to the budget, rates, or levies.
  - The 1782 Notice will be sent to each unit by email. So, make certain you enter your email address on the new line on the “accordion” in Gateway. (It’s at the bottom of the forms.)



# 1782 Notice

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- The 1782 Notice has several parts:
  - Notice (page 1),
  - 1782 Notice Notes Report,
  - Fund Report,
  - Estimates of Miscellaneous Revenues for Year Ending 20\_\_,
  - Maximum Levy Report, and
  - Rate Cap Calculations.





# 1782 Notice

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- The 1782 Notice (Page 1):
  - First page is the Notice with instructions.
  - Provides information of how and where to respond.
  - First page is also a signature page with two boxes (choices):
    - No Changes Requested or
    - Please Make Changes According to the Attached Information.
  - First page includes the deadline to respond.
  - Return the 1782 Notice to the Department ASAP.
    - Accelerates processing of Budget Order.



# 1782 Notice

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- Fund Report:
  - A Fund Report is similar to the 16-Line Statements you submitted with your budget.
  - Each line is important but line 16 is critical – Line 16 is the Tax Levy for that fund for the following year. Once the levy is certified you cannot change it. That is the amount of property taxes that will be billed for this fund for the year.
  - Taxes collected exceeding this amount are to be deposited into a levy excess fund and used to reduce a future years levy.



# 1782 Notice

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- Fund Report (Continued):
- Important Lines:
  - Line 1 – Budget Estimate for following year
  - Line 2 – 2nd Half expense of current year
  - Line 6 – June 30 Cash & Investment balances
  - Line 7 – Dec Property Tax Distribution
  - Lines 8 a & b – Miscellaneous Revenues
  - Line 11 – Projected Operating Balance
  - Line 16 – Property tax levy
  - Compare lines 1 & 16 to the budget advertisement



# 1782 Notice

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- Fund Report:
  - The Fund Report includes a summary of each fund and a total of the rates and total levies of each fund of the unit:

Fund	Assessed Value	Rate	Levy	CNTRL
General	140,000,000	0.0150	21,000	UT
TWP Asst	140,000,000	0.0090	12,600	UT
Fire	110,000,000	0.0500	55,000	TF
Cum Fire (TWP)	110,000,000	0.0333	36,630	O

- CTL TF Working Max 56,000 Under Max by 1,000
- CTL UT Working Max 33,900 Under Max by 300



# 1782 Notice

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- Estimates of Miscellaneous Revenues:
  - Another important part of the 1782 Notice is the summary of Miscellaneous Revenues (Form 2)
    - Lists revenues by fund and source
    - Contains two columns:
      - Column A: July 1, 2014 – Dec. 31 2014
      - Column B: Jan 1, 2015 – Dec. 31, 2015
  - Totals from each column are the amounts on Lines 8a and 8b of the Fund Report. These revenues provide additional funding for your budget.



# How to Respond to 1782

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- Write the requested changes on the Notice
- Scan the Notice and email to [1782Notices@dlgf.in.gov](mailto:1782Notices@dlgf.in.gov)
- Include a written explanation for the request if you think it's needed.
- Remember to closely review the 1782 Notice and to respond quickly.
- Contact your field representative or the Department Budget Division with questions about the 1782.



# How to Respond to 1782

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- Common Responses to 1782 Notice:
  - Reduction to Line 2 – 2nd Half Expense
    - 2nd half expenses are frequently overstated. A reduction to this line may increase available funds on Line 11 (Operating Balance). Reducing Line 2 can be done by the board passing a resolution.
  - Revision to 2nd Half Estimated Revenues
    - More information regarding revenues is available when the 1782 Notice is issued than when revenues were originally estimated. Some revenues may be higher than originally estimated which provides more funding.



# Budget Order

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- The Department's certification of appropriations, property tax rates, and levies by unit and fund.
  - Provides units with the authority to spend and tax.
    - Budget Orders are issued by county.
    - Certifies by each unit in the county their budget, assessed value, tax rate, and levy for each fund.
  - Order also includes:
    - Certified tax rates for each tax district in the county.
    - Notes that explain certain actions taken on budget, rates, or levies.
    - Notice and authority to transfer balances in levy excess fund to operating fund.





# New for 2014-2015

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- AVGQ for 2015 is 2.7%.
- Some units will have an extra payroll in 2015.
  - Count your pay periods.
- Submit your additional appropriations to the Department before December 15.
  - The Department has 15 days to process.



# Financial Reporting

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- Other Reporting Requirements:
  - The Department may only approve annual budgets or additional appropriations for units that have electronically filed with the State Board of Accounts:
    - The Annual Financial Report (Includes TA-7).
    - The Annual Personnel Report (which also indicates if the governmental unit offers a health plan, a pension, and other benefits to full-time and part-time employees).
    - Statement by executive that unit has adopted an anti-nepotism policy.
    - Debt issuance report to the Department (the Department may not issue a budget or levy for debt service if this report is not filed.)




# What is Gateway?

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- Gateway is a website which allows local governments to submit forms to certain State agencies online.
- Gateway is also an online budget preparation system for local units of government.
- Local units also submit budget forms to the Department and annual reports to the State Board of Accounts (SBOA) through Gateway.
- Information collected through Gateway is made available to the public.
- Request a sign on at [gateway@dlgf.in.gov](mailto:gateway@dlgf.in.gov)



# Landing Page for Public Output and Local Official Log-In




for government units

An **Information for Indiana** Data Site

[Home](#) [Report Builder](#) [Download Data](#) [Help](#) [Local Officials: Login Here »](#)

## Where do my tax dollars go?

 [go](#)




Type in your street and city  
Spot location on map  
List of your taxing units  
Links to more data

## Explore my government's finances

This site contains budget, expense and debt data for counties, cities/towns, townships, special districts and more (school districts will be available in late 2012).

- [Browse unit reports](#)
- [Download data](#)
- [Learn more about the budget process](#)

## Upcoming Budget Meetings



[View budget public hearing dates.](#)


2012 Budgeted Expenditures

**\$8,615,558,270**

(98.2% of units reporting)

[About the Gateway](#) • [Contact Us](#) • [Contact Officials](#)

The Indiana Gateway for Government Units was developed and is maintained by Indiana University's [Indiana Business Research Center](#), part of the Kelley School of Business. This public portal provides access to local government financial and tax data that has been entered by local units themselves. We work in partnership with the Department of Local Government Finance and the State Board of Accounts.



POWERED BY  
Information  
for Indiana



# References

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- The Department webpage: <http://www.in.gov/dlgf/>
  - Budget Manual: <http://www.in.gov/dlgf/8945.htm>
  - Department Memos and Presentations:  
<http://www.in.gov/dlgf/2444.htm>
  - Reporting Status (debt, 100R, etc.):  
[https://gateway.ifionline.org/report\\_builder/Default3a.aspx?rptType=employComp&rpt=100r\\_SubmissionLog&rptName=100R%20Submission%20Log](https://gateway.ifionline.org/report_builder/Default3a.aspx?rptType=employComp&rpt=100r_SubmissionLog&rptName=100R%20Submission%20Log)
  - Budget Status Maps:  
<http://www.in.gov/dlgf/6827.htm?WT.ac=statusmap>
- List Serve:
  - Get listed to receive Department communications.
  - Contact Jenny Banks at [jbanks@dlgf.in.gov](mailto:jbanks@dlgf.in.gov)



# References

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- Budget Calendar:  
<http://www.in.gov/dlgf/files/pdf/140528> -  
[Jones Memo - 2014 -](#)  
[2015 Budget Calendar.pdf](#)
- 2013 Circuit Breaker Reports:  
<http://www.in.gov/dlgf/9354.htm>
- Memo on Township Emergency Fire Loans:  
<http://www.in.gov/dlgf/files/pdf/140519> -  
[Vincent Memo -](#)  
[Legislative Changes Affecting the Township Emergen](#)  
[cy Fire Loan.pdf](#)



# Closing

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- Property Tax Caps
  - Also known as circuit breaker credits.
  - These are protections to property owners from taxes exceeding a percentage of the property's gross assessed value:
    - 1% for homestead residential property,
    - 2% for other residential property and farmland and long-term care facilities, and
    - 3% on business real and personal property.
  - Over 65 circuit breaker credit



# Closing

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QUESTIONS???





# Contact the Department

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- Dan Jones, Assistant Director of Budget Division
  - Telephone: 317.232.0651
  - Fax: 317.974.1629
  - E-mail: [djones@dlgf.in.gov](mailto:djones@dlgf.in.gov)
- Website: [www.in.gov/dlgf](http://www.in.gov/dlgf)
  - “Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm)